



## Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim  
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Please click [here](#) for full details on the criteria ICIS uses in making these price assessments.

### OVERVIEW

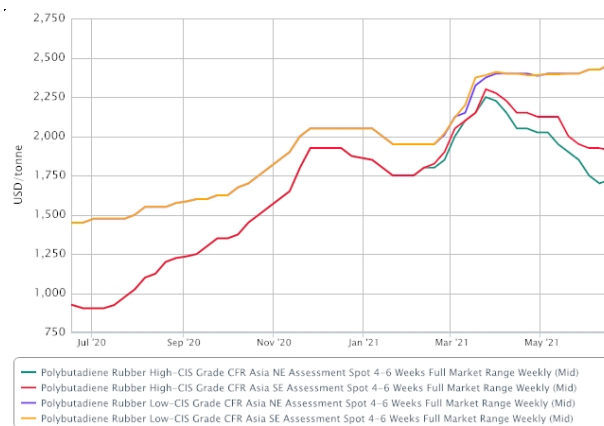
- **Low-cis rose on deals**
- **High-cis demand still hazy, but uptick seen in China**
- **Firm feedstock costs an upside factor**

Asian spot prices for polybutadiene rubber (PBR) were [mixed](#), with gains seen for low-cis material trades, but high-cis discussions still generally weighed down by lacklustre downstream demand.

Low-cis material sellers lifted offers, in part to mitigate upstream cost pressures, but also to capitalise on stable and healthy demand from related downstream sectors, namely the household electrical appliances and white goods manufacturing sector.

The situation for high-cis materials is more uneven across Asia. In northeast Asia, the buy-sell gap narrowed, as buying indications for US dollar denominated imports improved, tracking sharply higher yuan-denominated prices in the domestic China market.

But in southeast Asia, buying interest remains lacklustre, weighed down by lingering uncertainties about when the regional pandemic outbreak will stabilise to facilitate fuller and sustained recovery in downstream operations.



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### OUTLOOK

- **Wide price gap between the two grades may persist**
- **Demand recovery pace contingent on pandemic situation developments**
- **Outlook still uncertain**

## PRICES

### SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
<b>Polybutadiene Rubber Low-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	+50	2450.00- 2460.00	+10	2350.00-2450.00	111.13-111.58
<b>CFR Asia SE</b>	USD/tonne	+50	2450.00- 2470.00	+20	2350.00-2450.00	111.13-112.04
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	+50	1700.00- 1750.00	n/c	1850.00-1950.00	77.11-79.38
<b>CFR Asia SE</b>	USD/tonne	n/c	1850.00- 1970.00	-30	1950.00-2050.00	83.91-89.36

### Northeast Asia

#### High-cis

CFR northeast Asia prices for high-cis material were stable-to-firm, with the low end lifted with higher buying indications heard.

The high end is kept unchanged, tracking the lowest, albeit stable, offers heard for China-bound shipment.

Domestic China prices spiked, boosted by firmer upstream butadiene values.

#### East China Domestic PBR Prices

Price (CNY/tonne)	Current week	Previous week
E China Ex-Warehouse	12,200-12,400	11,700-11,900

#### Low-cis

CFR northeast Asian assessments for low-cis materials rose on firmer discussions and deals heard.

The low end is lifted with higher offers heard, while the high end captured deals heard closed in the week.

### Southeast Asia

#### High-cis

CFR southeast Asian prices for high-cis materials were stable-to-soft, with the high end dropped to reflect the full spectrum of trade heard for July shipment supplies.

Some cargoes changed hands at levels near the high-end of the published range, but the bulk of buying indications were heard at the lower end of the range.

**SMR 20 Natural Rubber Reference Price (US cents/kg) FOB Malaysia**

June 2021	(1-17) May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
164.96	169.09	164.72	175.25	169.16	158.40

**Low-cis**

CFR southeast Asian assessments for low-cis materials rose on firmer discussions and deals heard. The low end is lifted with higher offers heard, while the high end captured deals heard closed in the week.

**India**

Liquidity remains low for import trades into India, with downstream operations still restricted by ongoing COVID-19 restrictions.

But as recent data reflected stable performance between April and May for India’s manufacturing and export sectors, market players said that this may a sign that the country’s economy is on the [path to recovery](#).

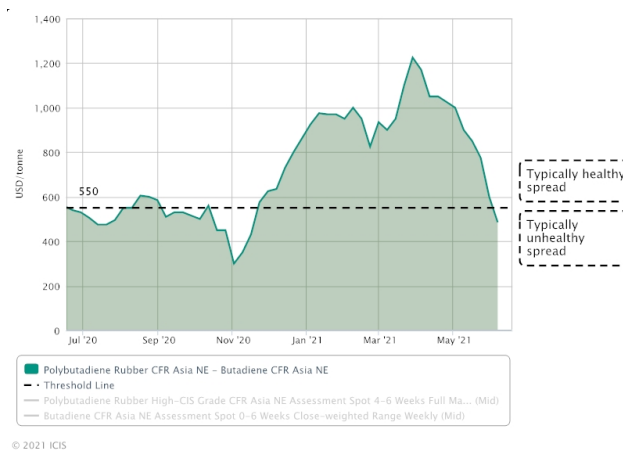
That said, India’s buying interest for fresh PBR imports is weighed down by high domestic inventories. Asia-origin cargoes were heard indicated at high-\$1,900’s-\$2,000/tonne CFR India, but some deep-sea origin materials may be available at substantially lower levels, market sources said.

**UPSTREAM**

[Bullish US](#) sets tones for the global **butadiene (BD)** market, but regional buying in Asia [may not keep up](#).

The chart below shows the spread between BD and SBR.

[Downstream spread – butadiene and PBR NE Asia](#)



**PRODUCTION**

In China, average operating rates at its PBR plants climbed to 69% in the week ending 11 June, compared to 66% in the week prior, market sources said.

Two major domestic plants, involving a total of 200,000 tonnes/year capacity, remain shut for repairs.

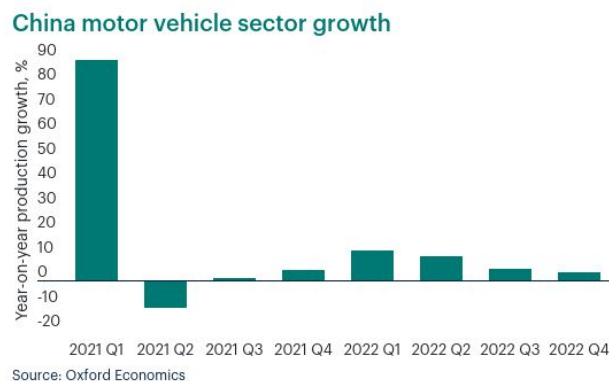
## ANALYTICS

### ICIS Downstream Automotive Demand Outlook

Global automotive demand remains very strong, with a shortage of used vehicles boosting demand for new vehicles. High levels of household savings, increased domestic tourism, and fear of public transport globally have also pushed up vehicle demand. However, low availability is starting to bite, with global sales slightly down month on month in April. Supply shocks continue to impact auto production, affecting demand for chemicals and polymers into this market. In particular, the shortage of microchips has led to production cutbacks of over one million vehicles, record low inventories and high prices. Car producers are focusing only on most in-demand models, and juggling supply chains. Hopes of a speedy resolution to the problem now seem short-sighted. US Commerce Secretary Gina Raimondo said the global shortage would be a "daily challenge" for the "next year or so."

Chinese vehicle sales in May were down month on month for the first time in 13 months. According to a report by CAAM (China Association of Automobile Manufacturers), this is due to the global chip shortage and rising raw material prices. One positive was the strong increase in sales of new energy vehicles (NEVs), which was up 160% month on month. In addition, market analysts believe the country will recover from chip shortages earlier than other regions, with improved production in H2 2021. Medium-term fundamentals also remain strong, with rising income and low car ownership. This is particularly true for electrified and other NEVs as government incentives propel this market. India is suffering from renewed lockdowns, including closing plants and dealerships. Production this year is now forecast to be 9% below 2019 levels, and some 22% below 2018's record levels. Recovery in India is forecast to be slow with 2022 still below 2019 levels.

By **Jincy Varghese**, ICIS demand analyst and **Rhian O'Connor**, ICIS senior analyst



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